

Minutes of Audit Committee Regular Meeting of June 2, 2015

One Twin Pines Lane

REGULAR MEETING, City Hall, Suite 360

CALL TO ORDER 10:36 A.M.

ROLL CALL

COMMITTEE MEMBERS PRESENT: Violet, Reed, Lieberman

STAFF PRESENT: Finance Director Fil, Deputy Finance Director Lazzari, City Manager Scoles, Management Analyst Voelker

OTHERS PRESENT: Members of the Public

ORAL COMMUNICATION/PUBLIC COMMENTS

Tim Strinden, Belmont resident, requested clarification on why Belmont is doing a better job than other cities in preparing for upcoming pension liability costs. Chair Violet noted the comment.

Perry Kennan, Belmont resident, stated that the City is not in great financial shape as the newspaper is reporting. He cited a decrease in road improvement budget estimates for upcoming FY 2017 and 2018.

CONSENT CALENDAR

ACTION: Moved by Committee Member Reed, seconded by Committee Member Lieberman, the March 13th minutes were noted and filed.

OTHER BUSINESS

FY 2016 Budget Review

Director Fil explained that the purpose of this item is for the Audit Committee to take a more detailed look at the proposed Budget and provide input to the Council prior to their action in June to adopt the Budget. He noted that staff is prepared to answer any questions the Committee may have, and to go into as much detail as the Committee desires.

Committee Member Reed requested a breakdown of expected revenue for FY 2016. Director Fil reviewed the line item breakdown by account level. Discussion ensued regarding line itemization by category, including property tax, sales tax, Transient Occupancy Tax, and Other.

Discussion developed regarding the General Fund revenues. Director Fil reviewed the tax revenues in detail and fielded questions from the Committee. Committee Member Lieberman inquired as to where the overall focus should be. Director Fil stated that stable operations is the main focus. He explained that the City's deferred maintenance of infrastructure is so problematic that a catastrophic failure in infrastructure could devastate the City's General Fund. He noted that

Council devoted a one-time contingency allocation towards helping this effort, but more must be done to address this issue soon.

Director Fil reviewed the City's policy considerations. Discussion ensued on projections for the Belmont Fire Protection District (BFPD).

The Committee asked for a status on the one-time allocation and the Emergency Repair Fund regarding the Ralston Avenue Corridor. Director Fil stated that staff estimates that, if the deferred maintenance of infrastructure doesn't take precedence due to emergency, the City will likely pick up the Ralston Avenue Corridor project in next year's budget.

Director Fil continued to field questions from the Committee. He noted that the funding of employee accrued leave obligations are addressed in this year's budget. Committee Member Reed pointed out that that funding might be better spent on the deferred maintenance of infrastructure, since it poses a bigger risk to Belmont. Discussion ensued. Committee Member Reed indicated his unease with the funding split between these two liabilities.

The Committee discussed their recommendation to Council. Committee Member Reed noted that the City should proceed with the Budget adjustments as presented, but with respect to prefunding employee accrued leave obligations and the Ralston Avenue Corridor project, the bigger question for the Council to discuss and decide is the allocation of funds.

Chair Violet responded to Mr. Kennan's earlier comments and noted that, with the known financial hazards, Belmont is in positive financial shape.

COMMITTEE UPDATES AND STAFF ITEMS

Meeting Calendar

The Committee noted that date and time of the next scheduled meeting is to be determined.

Perry Kennan, Belmont resident, commented on the Benefit Stabilization fund and opined on employee accrued leave. He also expressed that the Audit Committee had a good exchange regarding the Budget discussion.

ADJOURNMENT 12:04 p.m.

Thomas Fil
Finance Director